

CIP

Capital Improvement Program



**Fiscal Year 2006
Program Plan
Adoption**

Fund Balances

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FUND BALANCES AS OF AUGUST 31, 2005

Funding Source	\$ Available for Reprogramming	TOTAL
<u>Certificates of Obligation</u>		
1994A	\$ 859,226	
1995A	94,171	
1995A	127,333	
1997	8,688	
1997A	35,360	
1998	92,817	
1998A	556,160	
1999	176,558	
2000	882,932	
2001	188,737	
2002A	641,836	
2003	1,993,593	\$ 5,657,411
<u>General Obligation Bonds</u>		
2000A	\$ 126,555	\$ 126,555
		<u>\$ 5,783,966</u>

AUTHORIZED EXPENDITURES

Project	Project Cost	Remaining Balance
		\$ 5,783,966
Education Drive	\$ 90,000	5,693,966
Northwest Traffic Study	60,000	5,633,966
Alabama S&D Improvements	150,000	5,483,966
Sean Haggerty Bridge	50,000	5,433,966
Building Condition Inventory	500,000	4,933,966
Emergency City Facility Rehab	793,654	4,140,312
Fire Facilities Master Plan	125,000	4,015,312
Civic Center Refurbishment	92,817	3,922,495
Central Fire HVAC	100,000	3,822,495
Police Facilities Master Plan	125,000	3,697,495
Traffic Calming / Street Lights	100,000	3,597,495
City Hall, 7 th Floor Improvements	200,000	3,397,495
City Hall, 5 th Floor Improvements	350,000	3,047,495
Loop Detectors	145,000	2,902,495
City Hall Improvements	450,000	2,452,495
Fire Station 20	90,000	2,362,495

AUTHORIZED EXPENDITURES

Project	Project Cost	Remaining Balance
		\$ 2,362,495
Health Administration Phase III	\$ 450,000	1,912,495
CIP Database	191,835	1,720,660
Kimberly Heights S&D Closeout	100,000	1,620,660
Lane Markings	240,000	1,380,660
Loop 375 Enhancement Project	240,000	1,140,660
Alameda/El Paso Realignment	100,000	1,040,660
Alberta/Concepcion S&D	965,000	75,660
Texas/Piedras/Raynor Bridge		
Property Acquisition	24,000	51,660
Anapra Bridge Closeout (Courchesne)	12,000	39,660
Hawkins Median Improvements	39,660	-0-

Capital Budget

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RECOMMENDED OPTION

Assumptions:

- **Short-term capital expenditures,**
use of Certificates of Obligation
(primarily Street & Drainage
priorities)
 - \$25 million – 2006
 - \$25 million – 2007
- **Long-term capital expenditures,**
use of General Obligation Bonds
 - \$50 to \$200 million – 2008
- No funds to be used for construction
of new or expanded buildings for
next five years
- Allocates expenditures Citywide
as prioritized



SHORT TERM CAPITAL EXPENDITURES

PRIORITY	AMOUNT	BOND ISSUANCE	TWO PERCENT FOR THE ARTS	TOTAL
Street Resurfacing	\$5,000,000	\$75,000	\$100,000	\$5,175,000
ADA Compliance	\$3,000,000	\$45,000	\$60,000	\$3,105,000
Concrete Intersections	\$1,000,000	\$15,000	\$20,000	\$1,035,000
Signal/Flasher Installation	\$2,000,000	\$30,000	\$40,000	\$2,070,000
Unpaved ROW	\$2,000,000	\$30,000	\$40,000	\$2,070,000
Arterial Street Lighting	\$1,000,000	\$15,000	\$20,000	\$1,035,000
Storm Water Drainage	\$2,000,000	\$30,000	\$40,000	\$2,070,000
Mast Arm Replacement	\$1,500,000	\$22,500	\$30,000	\$1,552,500
Street Light Replacement	\$2,000,000	\$30,000	\$40,000	\$2,070,000
Traffic Management Information System Maintenance	\$1,000,000	\$15,000	\$20,000	\$1,035,000
Lane Markings	\$1,000,000	\$15,000	\$20,000	\$1,035,000
Traffic Calming	\$200,000	\$3,000	\$4,000	\$207,000
Loop Detectors	\$300,000	\$4,500	\$6,000	\$310,500
Emergency City Facility Rehabilitation	\$1,000,000	\$15,000	\$20,000	\$1,035,000
TXDOT Matches	\$2,000,000	\$30,000	\$40,000	\$2,070,000
TOTAL	\$25,000,000	\$375,000	\$500,000	\$25,875,000

LONG TERM CAPITAL EXPENDITURES

Assumptions:

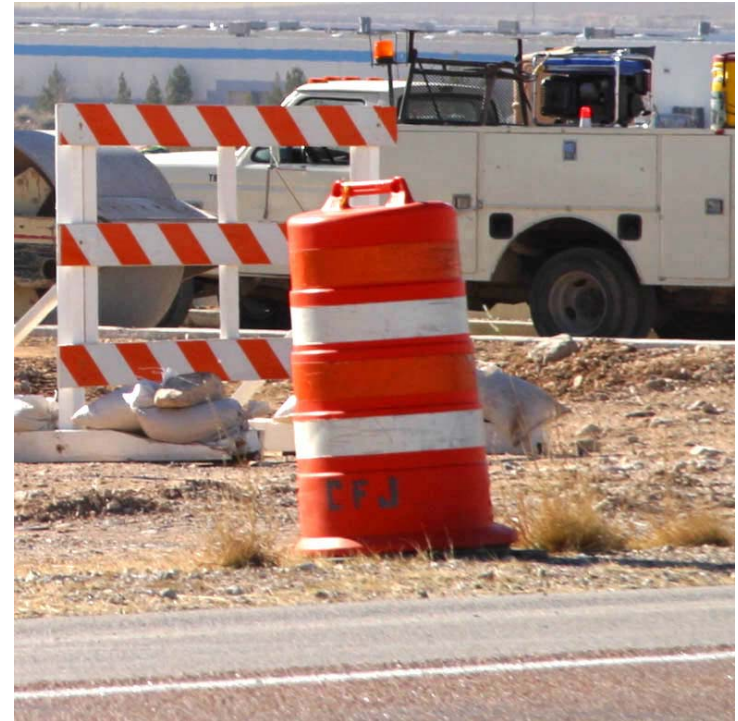
- Listing by total point system ranking, not apportioned equally to each representative district
- Emphasis on rehabilitation of existing facilities, particularly Street & Drainage projects
- No funds to be used for construction of new or expanded buildings for next five years
- Program Amount to be set between \$50-200 million, and supported by adopted debt rate



LONG TERM CAPITAL EXPENDITURES

Assumptions:

- Project listing to be re-evaluated by City Council and priorities weighted; adopt as part of FY 2008 budget
- Allows programming upon completion of in-house assessments
 - Building condition inventory
 - Pavement condition index inventory
 - Facility master plan (Police & Fire)
 - Parks master plan
 - Arts master plan
- Program advocacy, Fall 2007;
Bond election, Spring 2008



Debt Policy Recommendations

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First Southwest Company
Investment Bankers Since 1946



Debt Instruments for Home Rule Cities

- **General Obligation Bonds (GOs)**
- **Certificates of Obligation (COs)**
- **Revenue Bonds**
- **Other options are available that could be recommended if specific benefits to the City accrue from their use**

Policy Recommendations for Bond Types

■ General Obligation Bonds (GOs)

- Recommended for issuances > \$100 million
- Voter authorization required
- Funds will be used for new and expanded facilities, major repair/renovations to existing facilities, and quality-of-life projects
- Useful lives of assets acquired will be fifteen (15) years or more; or will extend the useful life of an asset for more than (15) years
- Highest rated City debt

Policy Recommendations for Bond Types

■ **Certificates of Obligation (COs)**

- No voter authorization required
- Recommended for issuances < \$100 million
- Need for project is urgent and immediate
- Project is necessary to prevent an economic loss to City
- Funds will be used for capital acquisitions; street resurfacing; major core service facilities; ADA rehabilitation projects; infrastructure projects
- Used if a source of revenue is specific and can be expected to cover additional debt
- Expected debt is most cost effective financing option available
- Equivalent rating to GOs

Policy Recommendations for Bond Types

- **Revenue Bonds**

- No voter authorization required
- Rating based upon the revenues pledged

Commercial Paper

- Commercial Paper is an on-going short-term note program used to fund continual capital improvements
- Can be used with revenue bond or general obligation bonds (but not CO's)
- They are considered variable rate debt, so there is risk that rates will increase
- Because of this risk, we generally recommend that a client limit its use
- Amount outstanding should not exceed the amount of cash investments of the City
- They are recommended whenever the interest rate environment warrants their use
- Commercial paper can be repaid at any time allowing a great deal of flexibility

Debt Service Financing

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Funding Proposed/Existing Projects & Pension

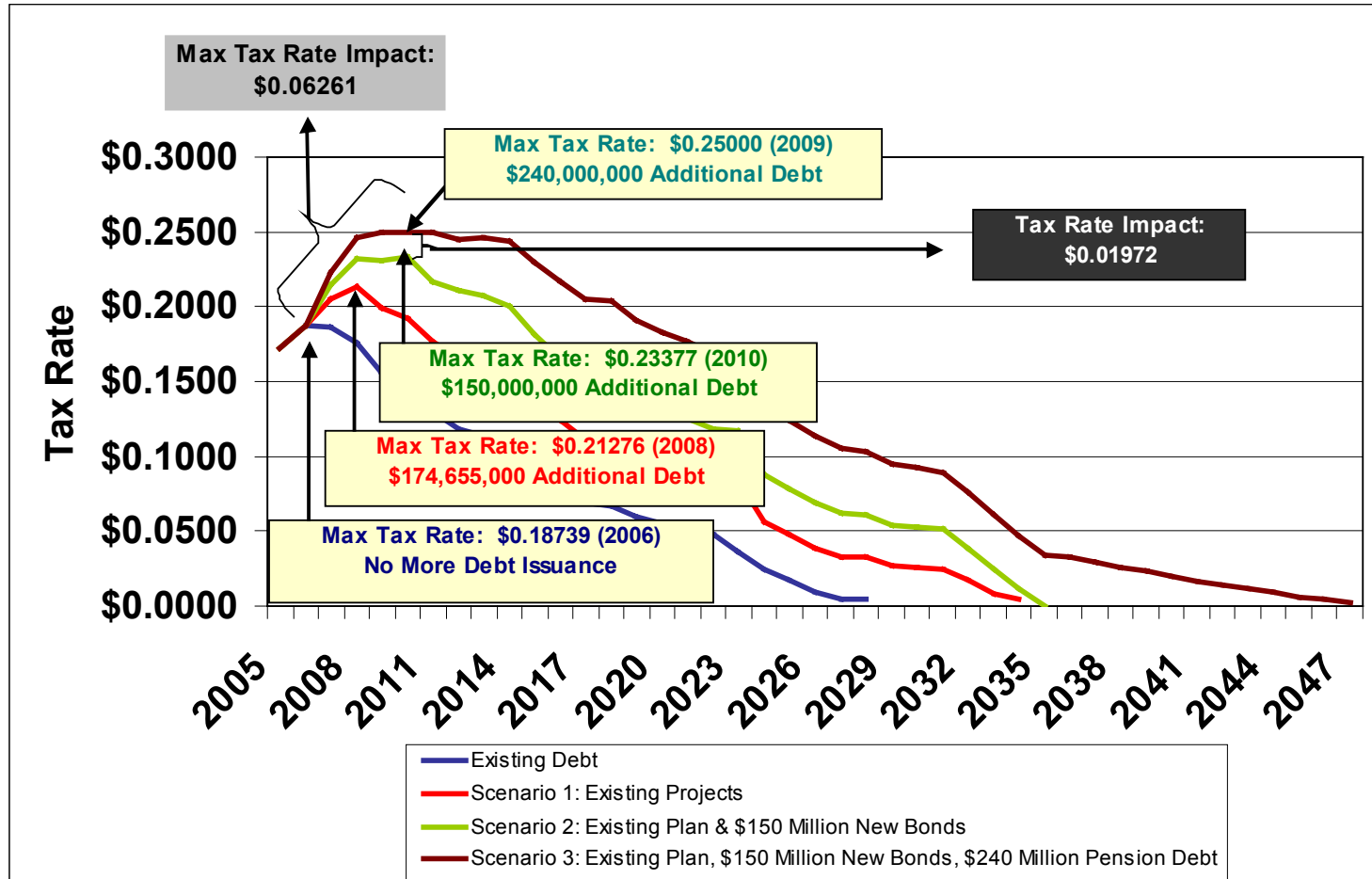
- City of El Paso has \$174,655,000 of authorized bonds remaining to be issued.
- City of El Paso issues \$50,000,000 in Certificates of Obligation in 2006 & 2007.
- City of El Paso authorizes the issuance of \$100,000,000 bonds at 2007 Bond Election.
- City of El Paso funds the issuance of \$240,000,000 bonds to fund Pension shortage in \$20 million increments over 12 years
 - The Maximum Projected Tax Rate for repayment of this debt is projected at **\$0.25** in Fiscal Year 2009 (tax year 2008).

Funding Existing Projects & Pension

– Detailed Issuance Projections are as follows:

Fiscal Year	Currently Authorized		Pension General Obligation Bonds	Certificates of Obligation	New General Obligation Bonds	Par Amount
	General Obligation Bonds	Commercial Paper				
2005		\$ 20,000,000				\$ 20,000,000
2006	\$ 45,000,000		\$ 20,000,000	\$ 25,000,000		90,000,000
2007	58,000,000		20,000,000	25,000,000		103,000,000
2008	26,000,000		20,000,000		\$ 50,000,000	96,000,000
2009	25,655,000		20,000,000		50,000,000	95,655,000
2010			20,000,000			20,000,000
2011			20,000,000			20,000,000
2012			20,000,000			20,000,000
2013			20,000,000			20,000,000
2014			20,000,000			20,000,000
2015			20,000,000			20,000,000
2016			20,000,000			20,000,000
2017			20,000,000			20,000,000
Total	<u>\$ 154,655,000</u>	<u>\$ 20,000,000</u>	<u>\$ 240,000,000</u>	<u>\$ 50,000,000</u>	<u>\$ 100,000,000</u>	<u>\$ 564,655,000</u>
Plus Existing Debt						496,805,000
Total						<u>\$ 1,061,460,000</u>

Tax Rate Graphs



Tax Rate Comparisons

FYE	Existing Debt	Scenario 1: Existing Projects	Scenario 2: Existing Plan & \$150 Million New Bonds	Scenario 3: Existing Plan, \$150 Million New Bonds, \$240 Million Pension Debt
2005	0.17202	0.17202	0.17202	0.17202
2006	0.18739	0.18738	0.18738	0.18738
2007	0.18656	0.20455	0.21445	0.22271
2008	0.17530	0.21276	0.23176	0.24604
2009	0.15582	0.19966	0.23028	0.25000
2010	0.14436	0.19198	0.23377	0.24993
2011	0.12963	0.17729	0.21671	0.24990
2012	0.11855	0.16481	0.21057	0.24522
2013	0.11411	0.16259	0.20703	0.24619
2014	0.10333	0.15726	0.20039	0.24377
2015	0.08808	0.14014	0.18203	0.22935
2016	0.08091	0.12462	0.16527	0.21626
2017	0.06929	0.11162	0.15110	0.20549
2018	0.06646	0.10745	0.14577	0.20334
2019	0.05926	0.09897	0.13619	0.19089
2020	0.05528	0.09375	0.12985	0.18297

This model includes assessed valuation and growth assumptions that are conservative when compared to the current growth rate and interest rates; however, if either assessed valuation growth slows and/or interest rates increase, these estimates could be low.

Questions?

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